

Monday, 23 April 2012

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600

By e-mail: rrat.sen@aph.gov.au

Dear Sir / Madam,

Re: WEMA Bill

We refer to the recent call for private submissions to the inquiry into the WEMA Bill and reference to the concern expressed regards the competitive positioning of Australia as a global wheat exporter, in particular as a quality exporter.

Emerald Group supports the core principles of the Bill and feels that it is part of the natural evolution of the industry to a fully deregulated market in the same manner as other bulk Australian grains such as barley, canola and sorghum.

We believe that the wheat industry has made significant progress since deregulation, in particular over the last 18 months, as two large Australian wheat crops have been and continue to be marketed in a very efficient manner. Specifically, we have witnessed within the wheat industry:

- A record volume of Australian wheat exported
- A continued increase in buyers for Australian wheat both to the Australian grain grower and indeed for Australian wheat exporters.
- Strong investment in supply chain on a national basis, through more and increasingly efficient rail and road transport solutions, increased port options and increased investment in both up country and port infrastructure.
- An increase in marketing options for growers both through the greater numbers of buyers but also an increase in the different ways they are now able to market their wheat with the strong market liquidity after harvest and the increased number of marketing products.
- An increase in the number of grower advisors and brokers providing market assistance services to growers.

In reference to the Bill itself, we would like to make the following points:

- We believe that the WEA has served a purpose during a transition period and both the accreditation process and the WEA itself are no longer required or providing any value to the wheat industry.
- We believe that the Wheat Export Charge is no longer required, it is an additional cost to the industry that is reducing grower returns and should cease to be collected.
- Port access remains an important industry issue however we believe that this is best managed through the immediate development of a voluntary code of conduct developed collaboratively across all sectors of the industry and implemented as soon as possible but at latest by 31 December 2012.

Two key concerns that the industry has had both prior to and post deregulation have been:

1. the transparency of grain stock information by industry participants who operated storage facilities; and
2. the maintenance of Australia's leading reputation for grain quality.

On the first issue we believe strongly that the as part of the industry collaboration in regards the port code of conduct, the grains industry can resolve this issue itself through a voluntary code of

reporting amongst participants who store grain. Emerald has recently completed the acquisition of the ABA port and country storage network and is developing a broader supply footprint beyond these facilities. We are committed to developing our own policies to provide monthly commodity and quality information in regards to stocks held within our storage system to industry participants, be it either growers, traders or consumers to enhance market information. We believe that other storage companies are also considering similar improvements to market price transparency and that these can be achieved by industry collaboration over coming months.

On the second issue of maintenance of reputation for quality, this is not an issue that is isolated to the wheat industry. Similar issues occur in the barley, canola, sorghum and pulses sectors as well as in meat, livestock, wool, cotton, dairy, fruit, sugar, coffee and other soft commodity industries. The resolution has historically been establishment of suitable industry wide standards, that are often set and reviewed by a government department such as the USDA or an industry body such as Grain Trade Australia (GTA). These standards become the benchmark grades that commodities can then be sold on both domestically and internationally. These standards can be monitored and enforced by a quality and quarantine body such as AQIS.

We believe that a process such as this would be valuable for the wheat industry to pursue through an industry wide body such as Grain Trade Australia (GTA). Placing control over these types of issues under the auspices of special interest groups in the industry is unlikely to lead to industry wide consensus on a solution.

Yours sincerely

MICK CATTANACH
MANAGING DIRECTOR